

ORIGINAL

NEW APPLICATION



0000102369

BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

2009 SEP 28 P 12:14

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

W-02304A-09-0463

IN THE MATTER OF THE APPLICATION OF Arizona Corporation Commission DOCKET NO. W-02304A-09-  
COMMUNITY WATER COMPANY OF GREEN VALLEY FOR AUTHORITY TO ISSUE LONG-TERM DEBT OF \$1.90 MILLION. APPLICATION (FINANCING)

SEP 28 2009

DOCKETED BY

DR

Community Water Company of Green Valley ("CWCGV") hereby submits its Application for authority to issue up to \$1.9 million in debt. CWCGV is seeking approval to incur up to \$1.9 million in additional debt: (1) to finance the construction of a necessary replacement to CWCGV'S Well #6 (up to approximately \$1.56 million); and (2) to finance additional necessary capital improvements, that includes service and meter replacements (up to approximately \$340,000). CWCGV seeks authority to receive debt financing from the Water Infrastructure Finance Authority ("WIFA"), or from a combination of WIFA and a commercial lender, if WIFA is unable or unwilling to issue such debt. CWCGV further requests authority to further encumber its real property and utility plant, in order to secure this additional financing, if and to the extent necessary. CWCGV believes this Application is in the public interest and requests Commission approval in accordance with this Application.

In support of its Application CWCGV provides the following information:

1. CWCGV is a non-profit public service corporation engaged in providing water service in Pima County, Arizona. It has been a non-profit corporation providing water utility service to the Green Valley area since 1977. The Commission approved CWCGV's initial Certificate of Convenience and Necessity ("CCN") to provide water service in Decision No. 47912 (May 1, 1977), when it received assets from Arizona Water Company – formerly known as the Green Valley Water System. CWCGV received an extension to its CCN in Decision No. 57549

1 (September 9, 1991). CWCGV acquired the CCN of New Pueblo Water in Decision No. 60082  
2 (February 20, 1997); it has since received subsequent CCN extensions in Decision Nos. 63310  
3 (January 11, 2001), 70164 (February 27, 2008), and 70551 (October 23, 2008). CWCGV serves  
4 approximately 12,090 customers – most of whom are residential.

5 2. CWCGV's office is located in Green Valley, Arizona. Its mailing address is: 1501  
6 South La Canada, Green Valley, Arizona 85622-1600, and its telephone number is (520) 625-8409.  
7 The person authorized to receive notices and communications regarding this application is:

8 Pierre Hanhart, Controller  
9 Community Water Company of Green Valley  
10 1501 South La Canada  
11 Green Valley, AZ 85622-1600  
12 Phone: 520-625-8409 x117  
13 Fax: 520-625-1951  
14 pierre@communitywater.com

15 CWCGV's attorneys are:

16 Jason D. Gellman  
17 Michael W. Patten  
18 Roshka DeWulf & Patten, PLC  
19 One Arizona Center  
20 400 East Van Buren Street, Suite 800  
21 Phoenix, Arizona 85004  
22 jgellman@rdp-law.com

23 All data requests and discovery should be directed to CWCGV's attorneys, with a copy to  
24 Mr. Hanhart.

25 3. CWCGV is currently authorized to charge rates for water service per Decision No.  
26 69205 (December 21, 2006). CWCGV filed a rate application December 9, 2008 that Staff found  
27 sufficient on February 11, 2009 (Docket No. W-02304A-08-0590). CWCGV recently received  
approval in Decision No. 71259 (September 3, 2009) for \$2.810 million of debt financing: \$2.5  
million of which was to refinance existing debt and for an additional \$310,000 of needed capital  
improvements identified in 2008.

4. The amount and purpose for the requested authorization is (1) up to \$1.56 million to  
finance the construction of a necessary replacement well (Well #12) for CWCGV's Well #6; and

1 (2) \$340,000 to finance additional necessary capital projects, including service and meter  
2 replacements.

3 5. CWCGV's Well #6 began operations in 1977. Well #6 was equipped to produce  
4 water at a rate of 1,200 gallons per minute (GPM). The production capacity at this well has  
5 steadily decreased due to the deterioration of the well casing. CWCGV has made several repairs to  
6 the well casing and has been advised that no further repairs should be attempted due to the poor  
7 condition of the casing and could result in collapse of the casing. During 2009 the well was  
8 producing water at a rate between 500 and 600 GPM. It is anticipated that the production level at  
9 Well #6 will continue to diminish at an accelerated rate and it is recommended that the well be  
10 abandoned prior to a collapse of the well casing. A collapse of the well casing will result in  
11 contamination to the water delivery system, contamination of expensive arsenic treatment media  
12 and a possible loss of valuable pumping equipment. CWCGV must maintain a certain level of  
13 water production capability to meet system demand requirements, and therefore Well #6 must be  
14 replaced.

15 6. CWCGV plans to replace the well by drilling a new well. This new well (Well #12)  
16 would be designed and equipped to produce water at a rate of 1,200 GPM. CWCGV anticipates  
17 the cost of the replacement well to be no more than \$1.56 million. This includes the cost for  
18 drilling; the motor; pumping, electrical and control equipment, and connecting it to the arsenic  
19 treatment plant. CWCGV anticipates reusing as much of the existing pumping equipment from  
20 Well #6 as possible for the new well. A summary of the purposes for the entire \$1.90 million  
21 request including the capital improvements is attached as Exhibit 1.

22 7. CWCGV has applied to the WIFA for a loan to finance the replacement of Well #6  
23 and the other needed capital improvements. The WIFA proceeds will come from the Drinking  
24 Water Revolving Fund. While the specific terms of the WIFA financing are not yet known,  
25 CWCGV believes the terms will be for a 20 to 30 year amortization at a fixed interest rate of prime  
26 plus 2% with a subsidy factor from 70% to 85%. A copy of CWCGV's WIFA application is  
27 attached as Exhibit 2. WIFA does not charge service fees. Should WIFA not be willing or able to

1 issue part of the debt financing requested (*e.g.*, for meter and service replacements), CWCGV  
2 intends to determine from commercial banks and/or commercial lenders whether it can secure  
3 financing for such improvements. CWCGV requests authority to secure such financing if  
4 necessary.

5 8. CWCGV seeks approval of this request by February 28, 2010, so that it can begin  
6 construction soon thereafter and complete construction by mid-year 2010.

7 9. For all of the above reasons, CWCGV believes this new Application is in the public  
8 interest. It seeks Commission approval for financing in accordance with this Application.

9 10. In support of this Application, CWCGV has attached a copy of the Company's  
10 profit and loss statement as Exhibit 3.

11 11. In further support of this Application, CWCGV has attached a copy of the  
12 Company's balance sheet as Exhibit 4.

13 12. The purpose of CWCGV's request is for lawful purposes (*i.e.* to replace Well #6  
14 with a new well and fund other needed infrastructure improvements to its water system). CWCGV  
15 further submits that it is within its corporate powers to issue debt it seeks approval for, as reflected  
16 in the Corporate Resolution attached to this Application as Exhibit 5.

17 13. CWCGV believes its request is consistent with sound financial practices. As  
18 described above, approving the debt financing will allow CWCGV to fund these necessary  
19 improvements in a cost-effective manner, while also preserving a balanced capital structure.  
20 Otherwise, CWCGV will not have the ability to finance the construction of a replacement well and  
21 for other capital improvements needed in the next couple of years. Replacing Well #6 and the other  
22 improvements are vital to ensuring a reliable and safe water supply for CWCGV's customers in the  
23 intermediate-to-long term. The proceeds of this financing will be exclusively used toward the  
24 above-described purposes and comply with all applicable regulatory requirements. No portion of  
25 the funds will be used for operating expenses. Therefore, CWCGV believes its application is  
26 consistent with sound financial practices and will enhance the Company's ability to ensure safe and  
27

ROSKA DEWULF & PATTEN, PLC  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 reliable service. For all of the reasons described in this Application, CWCGV believes its request  
2 is compatible with the public interest.

3 14. CWCGV intends to provide public notice of this Application as shown in Exhibit 6.  
4 CWCGV will have this notice published in a newspaper of general circulation in its respective  
5 certificated service areas. CWCGV will file proof of publication with the Commission when  
6 available.

7 WHEREFORE, based on this Application, CWCGV respectfully requests that the  
8 Commission authorize CWCGV to incur this additional debt of up to \$1.90 million and to  
9 encumber its real property and utility plant and system to secure the financing indebtedness, if and  
10 to the extent necessary, for the purposes and under the terms and conditions described herein under  
11 A.R.S. §§ 40-301 and 40-302. CWCGV requests that the Commission approve this request so that  
12 the order can be effective on or before February 28, 2010.

13 RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of September, 2009.

14  
15 COMMUNITY WATER COMPANY OF GREEN VALLEY

16  
17  
18 By  \_\_\_\_\_

19 Jason D. Gellman  
20 Michael W. Patten  
21 ROSKA DEWULF & PATTEN, PLC.  
22 One Arizona Center  
23 400 East Van Buren Street, Suite 800  
24 Phoenix, Arizona 85004

25 Original and thirteen copies of the foregoing  
26 filed this 28<sup>th</sup> day of September, 2009, with:

27 Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

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27


Copy of the foregoing hand-delivered  
this 28<sup>th</sup> day of September, 2009, to:

Lyn A. Farmer, Esq.  
Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Janice Alward, Esq.  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Steve Olea, Director  
Utilities Division,  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Pierre Hanhart, Controller  
Community Water Company of Green Valley  
1501 South La Canada  
Green Valley, AZ 85614-1600

By 

# EXHIBIT

"1"

COMMUNITY WATER COMPANY OF GREEN VALLEY  
\$1.9 MILLION FINANCING APPLICATION  
PREPARED ON 9/24/09

**Projects Included in this financing application**

Construction of Replacement of Well #6		1,560,000.00
Services Replacements	2010/11	150,000.00
Meter Replacements	2010/11	150,000.00
vehicles	2010	40,000.00

---

**1,900,000.00**

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Financing Amount needed:	1,900,000.00
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# EXHIBIT

"2"

**DRINKING WATER APPLICATION**  
**Water Infrastructure Finance Authority of Arizona (WIFA)**  
**Project Financial Assistance Priority List Application**

**SECTION 1: APPLICATION INFORMATION**

APPLICATION NUMBER: DW-015-2010 | Print

- 1.1 Applicant: Community Water Company of Gre Job Title: CONTROLLER
- 1.2 Contact Names: First PIERRE Middle Initial: Y Last: HANHART
- 1.3 Address: 1501 S LA CANADA DR City: GREEN VALLEY State: AZ Zip: 85622
- 1.4 Phone: (520) 625-8409 Fax: (520) 6251951- E-Mail: pierre@communitywater.com
- 1.5 County in Which Project is Located: PIMA
- 1.6 Number of Connections to System: 10000 Population Served by the System: 22000
- 1.7 Average Monthly Residential Fee (Base + Use): \$18.26
- 1.8 Existing Debt (principal only) Payable by System Users: \$3,415,000.00 \* includes \$605,000 in CAWCO installment plan for CAP allocation
- 1.9 Median Household Income: \$46,000.00
- 1.10 ADEQ System Identification Number (PWS #): AZ0410004
- 1.11 Are you ACC Regulated? ☒ Yes ☐ No
- 1.12 Has this project received prior year WIFA funding?
- ☒ No
- ☐ Yes, request is for a multi-year construction project that received assistance in a previous funding cycle
- ☐ Yes, request is to construct a project that received TA funds in a previous funding cycle
- ☐ Yes, request is for additional financial assistance to offset actual costs of justified overruns
- 1.13 Is your company registered with the E-Verify Program? ☒ Yes ☐ No  
*(You will be required to provide proof of participation prior to the execution of a loan or grant agreement.)*

**SECTION 2: PROPOSED DRINKING WATER FINANCIAL ASSISTANCE PROJECT**

- 2.1 Project Title/Name: Well #13 (Replacement of Well #6)
- 2.2 Type of loan required during this funding cycle? ☒ Design \$25,000.00 and/or ☒ Construction 1,875,070 \*  
~~\$1,475,000.00~~
- 2.3 Briefly summarize below the problem (Mail or upload any supporting documentation)

Well #6 is failing. We need this well to ensure that in case our largest well goes down, that we have sufficient water capacity to meet our customers demand. It's currently operating between 500 and 600 gallons per minute. This well was originally designed at 1200 gallons per minute.

## 2.4 Briefly summarize below the Solution

We need to replace Well #6 with a new well, that we will name Well #13. This well will likely be built at 1200 gallons per minute.

## 2.5 Project Purpose: (Select only one)

- ☐ Assist Non-Compliant Systems to Achieve Compliance
- ☐ Assist Compliant Systems to Meet Future Requirnts
- ☐ Assist Compliant Systems to Maintain Compliance
- ☒ Other Assistance Not Compliance Related

\* some of it represents other projects/capital expense in need of financing.  
 See attached.

### SECTION 3: EXISTING CONDITIONS AND PROJECT BENEFITS

#### 3.1 Select Type(s) of Needs to be Funded

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Planning and Design Only | <input type="checkbox"/> Treatment-Bacteriological              | <input type="checkbox"/> Treatment-Surface Water |
| <input type="checkbox"/> Treatment-Nitrate                   | <input type="checkbox"/> Treatment-Arsenic                      | <input type="checkbox"/> Treatment-Radionuclides |
| <input type="checkbox"/> Treatment-Organic Chemical(s)       | <input type="checkbox"/> Treatment-Primary Standard [Metals(s)] | <input type="checkbox"/> Treatment-DBP           |
| <input type="checkbox"/> Treatment-Other                     | <input type="checkbox"/> Transmission and Distribution          | <input checked="" type="checkbox"/> Source       |
| <input type="checkbox"/> Storage                             | <input type="checkbox"/> Purchase of System(s)                  | <input type="checkbox"/> Restructuring           |
| <input type="checkbox"/> Land Acquisition                    |   |  |

#### 3.2 Select Expected Project Benefit(s)

- |  |  |   |
|--|--|---|
| <input checked="" type="checkbox"/> Compliance - Existing Requirements | <input type="checkbox"/> Compliance - New Requirements | <input type="checkbox"/> Expand Service |
| <input checked="" type="checkbox"/> Reduce Public Health Risks         |  |   |

#### 3.3 Water Quality Improvement

- ☐ Proposed project addresses deficiencies identified by ADEQ ☐ Submitted a complete capacity development plan to ADEQ
- ☐ Proposed project includes installing meters to monitor water use

#### 3.4 Consolidation and Regionalization

- |  |   |
|--|---|
| <input type="checkbox"/> Consolidate physical facilities of existing multiple facilities | <input type="checkbox"/> Extending service to existing areas currently served by another facility |
| <input type="checkbox"/> Consolidate the operations of existing multiple facilities      | <input type="checkbox"/> Consolidate the ownership of existing multiple facilities                |

#### 3.5 Sustainability Index (you may select from only one of the following categories)

##### A. Water Re-Use & Conservation - Project/System

- ☐ will generate or utilize reclaimed water for direct re-use
- ☐ will correct water loss issues
- ☐ is actively engaged in water conservation program(s)

##### B. Energy Use & Conservation - Project/System

- ☒ will significantly improve system efficiency
- ☐ employs significant alternative energy sources and/or co-generation efforts
- ☐ has performed an Energy Audit

##### C. Green Practices - Project/System

- ☐ utilizes solid waste reduction alternatives
- ☐ Manages wet weather by infiltration, evapotranspiration or capture of stormwater

- ☐ meets EPA "Green Building" practices

##### D. What percentage of the entire project would you classify as "green/sustainable"?

- ☒ A. 0% ☐ B. 1-10% ☐ C. 11-20% ☐ D. Greater than 20%

#### 3.6 System Compliance \*must mail or upload supporting documents

- ☐ Notice of violations and/or consent orders from regulatory agency \*
- ☒ In compliance

### SECTION 4: READINESS TO PROCEED INDICATORS

#### 4.1 Debt Authorization (For more information, see [WTEA Debt Authorization Guidance Document](#))

- ☒ Authorized (mail or upload copy of official governing body debt authorization resolution or election results)
- ☐ Date of Election or Authorization Unknown
- ☐ Scheduled
- If scheduled, enter anticipated election or authorization date: \_\_\_\_\_ [mm/dd/yyyy]

#### 4.2 Project Design (Select only one)

- ☐ Completed ☐ Engineer Selected ☐ Date of Completion Unknown ☒ Scheduled for Completion
- Enter anticipated completion date: 11/30/2009 [mm/dd/yyyy]

#### 4.3 Applicable Plan and Specification Approvals (Select only one)

- ☐ Obtained (mail or upload approval notification)
- ☒ Date of Approval Unknown
- ☐ Not Applicable (use textbox below to explain)
- ☐ Scheduled to Obtain Permits
- If scheduled, enter anticipated permit(s) date: 12/31/2009 [mm/dd/yyyy]

If not applicable, then explain: \_\_\_\_\_

## 4.4 Project Bids (Select only one)

☐ Solicited Project for Bidding ☐ Date of Solicit Unknown ☒ Scheduled to Solicit Bid(s)If scheduled, enter anticipated bid award date: 11/20/2009 [mm/dd/yyyy]

## SECTION 5: REQUESTED AMOUNT AND CERTIFICATION/APPROVAL

5.1 Estimated Date WIFA Funding Required: 10/31/2009 [mm/dd/yyyy]

5.2 Estimated Financial Assistance Costs &amp; Funding Source

Funding Source

Project Costs

Amount Funded Locally:

\$0.00

Amount Requested from WIFA:

\$1,900,000.00

Other Source: \_\_\_\_\_

\$0.00

Total Cost:

\$1,900,000.00

5.3 As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

First Name

Last Name

Title

PierreHanhartController

## 5.4 Uploaded Supporting Documents

Reference Name	Document Name	Original Name	Date Added
Assets Included	DOC-220001.pdf	090727ACC debt #2-Assets Included.pdf	9/1/2009
Certified Debt Resolution	DOC-220002.pdf	090716 Apr 23 09 Certified Debt Resolution.pdf	9/1/2009
Financial Impact	DOC-220003.pdf	090727ACC debt #2-Financial Impact.pdf	9/1/2009

Authorized Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Pierre Hanhart**

**From:** eApps@azwifa.gov  
**Sent:** Tuesday, September 01, 2009 12:26 PM  
**To:** jbernreuter@azwifa.gov  
**Cc:** pierre@communitywater.com; mford@azwifa.gov; skonrad@azwifa.gov  
**Subject:** eApps.azwifa.gov - Environmental Review Checklist

## Environmental Review Checklist

Community Name: Community Water Company of Green Valley  
 Project Contact: PIERRE HANHART Phone Number: (520) 625-8409 Date: 9/1/2009  
 Project Title: Well #13 (Replacement of Well #6)  
 Project ID: DW-015-2010

Please fill out the following checklist to the best of your ability. The information below will aid in determining the necessary environmental review requirements for the proposed project.

1. ☒ Yes ☐ No ☐ NA The project is directed towards rehabilitation of existing facilities, functional replacement of equipment, or the construction of new ancillary facilities adjacent or appurtenant to existing facilities which do not affect the degree of treatment or capacity of the existing facility.
2. ☐ Yes ☒ No ☐ NA The project is for minor upgrading or minor expansion (*minor - less than 30%*) of existing treatment works, collection or distribution system.
3. ☐ Yes ☒ No ☐ NA The project is in an unsewered community where on-site technologies are proposed. (*Clean Water Projects only*)
4. ☐ Yes ☒ No ☐ NA The project will create a new, or relocate an existing, discharge to surface or ground waters.
5. ☐ Yes ☒ No ☐ NA The project will result in substantial increases in the volume of discharge or the loading of pollutants from an existing source or from new facilities to receiving waters.
6. ☐ Yes ☒ No ☐ NA The project is known or expected to have a significant effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local or private actions.
7. ☐ Yes ☐ No ☒ NA The project is known or expected to directly or indirectly affect cultural resources, habitat of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands and aquifer recharge zones: or other resource areas.
8. ☐ Yes ☒ No ☐ NA The project is known or expected to cause significant public controversy.

9. ☐ Yes ☒ No ☐ NA The project is known or expected not to be cost effective.

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# EXHIBIT

"3"

AUGUST 31, 2009

DESCRIPTION	AUGUST ACTUAL	AUGUST BUDGET	DIFFERENCE (OVER) UNDER	2009 ACTUAL	2009 BUDGET	DIFFERENCE (OVER) UNDER
OPERATING REVENUES	269,566.62	231,096.00	(38,470.62)	2,123,575.05	2,118,267.00	(5,308.05)
OPERATING EXPENSES:						
OPERATIONS	161,191.51	168,012.11	6,820.60	1,218,253.32	1,354,096.88	135,843.56
MAINTENANCE	39,528.05	23,754.56	(15,773.49)	188,941.50	190,036.48	1,094.98
MANAGEMENT SERVICES REIMB						
DEPRECIATION & AMORTIZATION	75,416.33	75,390.00	(26.33)	603,330.64	603,251.65	(78.99)
TAXES:						
PROPERTY	9,833.33	9,900.00	66.67	78,666.64	79,200.00	533.36
OTHER	22,929.28	23,226.00	296.72	176,007.68	187,503.00	11,495.32
TOTAL OPERATING EXPENSES	308,898.50	300,282.67	(8,615.83)	2,265,199.78	2,414,088.01	148,888.23
OPERATING INCOME	(39,331.88)	(69,186.67)	(29,854.79)	(141,624.73)	(295,821.01)	(154,196.28)
OTHER INCOME:						
INTEREST & MISC.						
516-00 519-50 COST & LOSS MKT	(629.54)	(1,100.00)	470.46	(3,181.25)	(8,800.00)	5,618.75
419-10 INTEREST INCOME	2,052.73	1,000.00	(1,052.73)	6,150.03	8,000.00	1,849.97
415-00 MISC JOBBING	749.14	3,250.00	2,500.86	25,541.92	26,000.00	458.08
OTHER INCOME - NET	2,172.33	3,150.00	977.67	28,510.70	25,200.00	(3,310.70)
INTEREST ON FUNDS USED DURING CONSTRUCTION						
EXTRAORDINARY INCOME/EXPENSE						
TOTAL OTHER INCOME	2,172.33	3,150.00	977.67	28,510.70	25,200.00	(3,310.70)
GROSS INCOME	(37,159.55)	(66,036.67)	(28,877.12)	(113,114.03)	(270,621.01)	(157,506.98)
INCOME DEDUCTIONS:						
INTEREST:						
527-40 BANK ONE LONG TERM LOAN	11,232.79	19,215.43	7,982.64	88,852.47	146,942.19	58,089.72
OTHER						
528-00 AMORT OF DEBT EXPENSE						
526-00 EQ IN ASSOC (GAINS)/LOSS						
531-00 MISCELLANEOUS						
TOTAL INCOME DEDUCTIONS	11,232.79	19,215.43	7,982.64	88,852.47	146,942.19	58,089.72
NET INCOME	(48,392.34)	(85,252.10)	(36,859.76)	(201,966.50)	(417,563.20)	(215,596.70)

Note that amounts above are from interim financial statements. As such, certain transactions are posted during the year based on budget projections rather than actual amounts. These types of transactions are adjusted only on a yearly basis in December right before closing our books. Examples are Plant Depreciations, Amortization of contribution in-aid-of Constructions. Actually Property Tax are not known until August of each year. Unbilled Revenues and Certain accrued expenses are not modified to reflect better estimates until year end. There are other transactions which may have an impact on our interim financial statements. Finally Plant Held for Future Use was transferred to FreePort McMoran as part of Settlement negotiations and will be adjusted at year-end.



# EXHIBIT

"4"

Impact of financing of debts on Balance Sheet  
Using Most Recent Financial Statements (August 31, 2009)

COMMUNITY WATER COMPANY  
1.9 MILLION FINANCING APPLICATION  
PREPARED 8/1/09

BALANCE SHEET	Before Refinancing	After Refinancing (After Pending application)	IMPACT	After Refinancing (Current application)	IMPACT
<b>CURRENT AND ACCRUED ASSETS</b>					
Cash and Cash Equivalents	657,349.91	967,349.91		967,349.91	
Temporary Cash Investments	597,000.00	597,000.00	310,000.00	597,000.00	
Customer Accounts Receivable	276,267.04	276,267.04		276,267.04	
Plant Material and Supplies	46,023.02	46,023.02		46,023.02	
Prepayments	36,116.44	36,116.44		36,116.44	
	<u>1,612,766.41</u>	<u>1,922,756.41</u>	<u>310,000.00</u>	<u>1,922,756.41</u>	<u>-</u>
Utility Plant in Service	38,636,607.76	38,636,607.76		40,536,607.76	1,900,000.00
Plant Held for Future Use	543,435.47	543,435.47		543,435.47	
Construction Work in Progress	594,571.51	594,571.51		594,571.51	
Accumulated Depreciation - Utility Plant	(9,361,994.91)	(9,361,994.91)		(9,361,994.91)	
Non-Utility Property (def. assets)	1,757,183.15	2,757,183.15		1,757,183.15	
	<u>32,169,802.98</u>	<u>32,169,802.98</u>	<u>-</u>	<u>34,069,802.98</u>	<u>1,900,000.00</u>
<b>TOTAL ASSETS</b>	<u>33,782,559.39</u>	<u>34,092,559.39</u>	<u>310,000.00</u>	<u>35,992,559.39</u>	<u>1,900,000.00</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	248,252.18	248,252.18		248,252.18	
Notes and Installment Payable					
- Chase Line of Credit	2,500,000.00		(2,500,000.00)	-	
- CAP Installment Payable	191,535.00	191,535.00		191,535.00	
Accrued Taxes	105,971.93	105,971.93		105,971.93	
Accrued Interest	2,621.68	2,621.68		2,621.68	
Miscellaneous Current and Accrued Liabilities	87,662.70	87,662.70		87,662.70	
	<u>3,136,043.49</u>	<u>636,043.49</u>	<u>(2,500,000.00)</u>	<u>636,043.49</u>	<u>-</u>
<b>LONG TERM DEBT</b>					
Long-Term Notes, Bonds and Installment Payable					
- (New) Chase Loan	2,810,000.00	2,810,000.00		4,710,000.00	1,900,000.00
- CAP Installment Payable	434,440.44	434,440.44		434,440.44	
Advances in Aid of Construction (AIA/C)	9,507,565.73	9,507,565.73		9,507,565.73	
Maintenance Reserves	128,709.00	128,709.00		128,709.00	
Contributions in Aid of Construction (Net)	13,566,204.62	13,566,204.62		13,566,204.62	
	<u>23,836,919.79</u>	<u>26,446,919.79</u>	<u>2,810,000.00</u>	<u>28,346,919.79</u>	<u>1,900,000.00</u>
	<u>26,772,963.28</u>	<u>27,082,963.28</u>	<u>310,000.00</u>	<u>28,392,963.28</u>	<u>1,900,000.00</u>
<b>TOTAL LIABILITIES</b>					
<b>PAID IN CAPITAL IN EXCESS OF PAR VALUE</b>					
Paid In Capital in Excess of Par Value	48,010.29	48,010.29		48,010.29	
Retained Earnings	6,961,585.82	6,961,585.82		6,961,585.82	
	<u>7,009,596.11</u>	<u>7,009,596.11</u>	<u>-</u>	<u>7,009,596.11</u>	<u>-</u>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<u>33,782,559.39</u>	<u>34,092,559.39</u>	<u>310,000.00</u>	<u>35,992,559.39</u>	<u>1,900,000.00</u>

**NOTE:** Note that amounts above are from interim financial statements. As such, certain transactions are posted during the year based on budget projections rather than actual amounts. These types of transactions are adjusted only on a yearly basis in December right before closing our books. Examples are Plant Depreciations, Amortization of contribution in-aid-of Construction. Actually Property Taxes are not known until August of each year. Unbilled Revenues and Certain accrued expenses are not modified to reflect better estimates until year end. There are other transactions which may have an impact on our Interim financial statements. Finally Plant Held for Future Use was transferred to FreePort McMoran as part of Settlement negotiations

# EXHIBIT

"5"



**CERTIFIED BOARD RESOLUTION**  
**Community Water Company of Green Valley**

I, as Secretary of Community Water Company of Green Valley, a corporation organized and existing under the laws of the State of Arizona, hereby certify that a meeting of the Board of Directors of said corporation was duly called and held on the 23<sup>rd</sup> day of April, 2009; that at said meeting a quorum was present and voting throughout, and that the following resolution on motion duly made and seconded was unanimously adopted and is now in full force and effect:

This resolution is to authorize a Community Water debt of \$1,900,000.00.

**Preamble:**

Whereas, Community Water Company has an existing debt of \$2,810,000.00 (2009 CWC Debt No. 1) financed as a Line of Credit;

Whereas, Community Water Company officers are providing for repayment of the outstanding principal amount of said Line of Credit per applicable debt policy established by the Corporation and updated periodically;

Whereas, Community Water Company management has established that individual capital projects totaling \$400,000.00 are required in 2009, and that CWC Well #6 requires replacement at a planned cost of \$1,500,000.00; for a total capital expenditure of \$1,900,000.00;

Whereas, Community Water Company management has estimated the average asset life of these assets to be 20 years;

Whereas, Community Water Company management has determined these additional funds (2009 CWC Debt No. 2) are required by the 4<sup>th</sup> Quarter of 2009.

**Now, therefore, be it resolved by the Company Board of Directors assembled:**

That Community Water Company of Green Valley (Corporation) officers are authorized to file application(s) with commercial bank(s), commercial lender(s), or the Water Infrastructure Finance Authority of Arizona (WIFA), and secure loan(s) in the total amount of \$1,900,000.00 (CWC 2009 Debt No. 2) to be fully repaid within said life of the assets at terms favorable to the Corporation;

**Further Resolved**, that the officers of the Corporation are directed to provide for repayment of the outstanding principal amount per applicable debt policy established by the Corporation and updated periodically;

**Further Resolved**, that the officers of the Corporation are authorized to file required application(s) with applicable regulatory agencies, including the Arizona Corporation Commission, for authority to issue debt instruments and/or other evidence of indebtedness upon the terms and conditions favorable to the Corporation, and the filing of any and all amendments and supplements to said application(s);

CMC 090901 10060  
FMC 090717 09378


**Further Resolved**, that the Corporation shall issue debt instruments and /or any other evidence of the indebtedness for up to \$1,900,000.00 under terms and conditions advantageous to the Corporation for the purpose of funding certain plant and equipment upon receiving the requisite authority from the applicable regulatory agencies, including the Arizona Corporation Commission, and subject to other legal requirements;

**Further Resolved**, that the President and Secretary of the Corporation be, and each of them hereby is, authorized to jointly sign and deliver debt instruments and /or any other evidence of the indebtedness for up to \$1,900,000.00 upon receipt by the Corporation of the full debt proceeds therefore, all in the manner and in the terms and conditions provided in the foregoing resolutions;

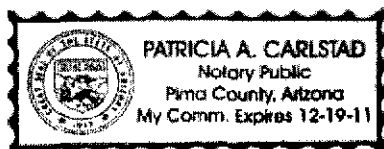
**Further Resolved**, that the proper officers of the Corporation be and each of them hereby is, authorized, in the name and on behalf of the Corporation, to conduct any and all negotiations, to make any and all arrangements, do and perform any and all acts and things and to execute and deliver any and all officer's certificates and other documents and instruments as they deem necessary or appropriate in order to consummate the issuance and otherwise to effectuate the purposes of each and all of the foregoing resolutions.


The undersigned further certifies that the foregoing resolution has not been rescinded or changed, but is now in full force and effect, and that there is no provision in the Articles of Incorporation or By-Laws of the said Corporation limiting the power of the Board of Directors to pass the foregoing resolution and that the same are in conformity with the provisions of said Article of Incorporation and By-Laws.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the corporate seal of said corporation this 16<sup>th</sup> day of July, 2009.

  
\_\_\_\_\_  
Virgil W. Davis  
Secretary, Board of Directors

Subscribed and sworn before me this 16<sup>th</sup> day of July, 2009.



Notary Public: 

My commission expires: 12-19-11

# EXHIBIT

"6"

**PUBLIC NOTICE OF COMMUNITY WATER**  
**COMPANY OF GREEN VALLEY**  
**APPLICATION FOR APPROVAL**  
**TO ISSUE LONG-TERM DEBT**  
**OF \$1.90 MILLION**  
**DOCKET NO. W-02304A-09-XXXX**

On March 26, 2009, Community Water Company of Green Valley ("CWCGV") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing it to obtain debt financing in an amount not to exceed \$1.90 million. The purpose of the application is for CWCGV to finance the construction of a replacement well (Well #12) for Well #6 and to make other needed capital improvements. This Application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix Arizona, 85007, and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the eDocket function. Copy of the application is also available at CWCGV's offices, at 1501 South La Canada, Green Valley, Arizona.

You may have the right to intervene in the proceeding. Intervention shall be in accordance with A.A.C. R-14-3-105. If you wish to intervene you must file an original and 13 copies of a timely written motion to intervene with the Commission and send a copy of the motion to the Applicant or its counsel and to all parties of record. The motion must, at a minimum, contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made; if different from the intervenor.
2. A short statement of your interest in the proceeding (e.g. a customer or potential customer of the Applicant, etc.)
3. A statement certifying that you have mailed a copy of the motion to intervene to the Applicant or their counsel and to all parties of record in the case.

If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For more information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

The granting of intervention, among other things, entitles a party to request a hearing. If a hearing is ordered, an intervenor is permitted to present sworn evidence at hearing and to cross-examine other witnesses. Failure to intervene, however, will not preclude any interested person or entity from providing public comment on the application. The Commission anticipates considering this matter at a future Open Meeting. Public comment regarding the application will be taken at that time. For a form to use and instructions on how to email comments to the Commission, go to [http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf), or call 1-800-222-7000. Written public comments may also be submitted in this case by mailing a letter referencing Docket No. E-02304A-09-XXXX to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix 85007.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin A. Bernal, E-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov), voice telephone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.